

Message Text

CONFIDENTIAL

PAGE 01 OTTAWA 03188 021328Z

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ACTION EUR-25

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L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

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FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 4641

INFO AMEMBASSY BONN

USMISSION EC BRUSSELS

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

USMISSION GENEVA

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION USUN NEW YORK

C O N F I D E N T I A L OTTAWA 3188

E.O. 11652: GDS

TAGS: ETRD, EEC, CA

SUBJECT: EC-CANADA RELATION -- NEW YORK MEETING, SEPTEMBER 26

REF: USEC BRUSSELS 7379

1. SUMMARY: GOC REPS MET WITH EC POLITICAL DIRECTORS

IN NEW YORK ON SEPTEMBER 26 TO DISCUSS CANADIAN

DESIRE FOR ECONOMIC AGREEMENT WITH THE NINE. GOC

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PAGE 02 OTTAWA 03188 021328Z

REPS PRESENTED LENGTHY OUTLINE OF CANADIAN VIEWS AND

ASKED WHETHER EC PREPARED TO OPEN NEGOTIATIONS. POLITICAL DIRECTORS AGREED ONLY TO REPORT GOC REPRESENTATIONS WHICH WOULD HAVE TO BE CONSIDERED FURTHER AMONG NINE. NEVERTHELESS, GOC CONSIDERS RESULTS OF MEETING "POSITIVE." END SUMMARY.

2. ECON COUNSELOR WAS INVITED TO EXTAFF ON SEPTEMBER 30 FOR BRIEFING ON NEW YORK MEETING. SHANNON (DIRECTOR OF EXTAFF'S COMMERCIAL POLICY DIVISION) REFERRED TO PREVIOUS DISCUSSIONS IN OTTAWA, WASHINGTON, AND BRUSSELS ON QUESTION OF CANADA/EC AGREEMENT AND SAID GOC WISHES TO KEEP U.S. FULLY INFORMED OF DEVELOPMENTS. HE HAVE ECON COUNSELOR COPY OF GOC STATEMENT PREPARED FOR MEETING. FULL TEXT IS BEING POUCHED TO DEPARTMENT AND USEC.

3. GOC DELEGATION WAS HEADED BY J.G.H. HALSTEAD, EXTAFF ACTING UNDER SECRETARY, AND INCLUDED R. GREY, ASSISTANT DEPUTY MINISTER OF FINANCE, AND A. LANE, DIRECTOR GENERAL OF EUROPEAN BUREAU IN INDUSTRY, TRADE AND COMMERCE. THE NINE WERE REPRESENTED BY POLITICAL DIRECTORS. FIELDING OF COMMISSION ALSO SAT IN.

4. SHANNON SAID GOC VIEWED MEETING AS "EXPLORATORY" AND OPPORTUNITY TO INJECT POLITICAL DIMENSION INTO DISCUSSIONS. TIMING WAS INFLUENCED BY PRIME MINISTER TRUDEAU'S IMMINENT TRIP TO EUROPE. WHILE GOC DOES NOT EXPECT ANY AGREEMENT TO RESULT FROM PM'S TRIP IT CONSIDERS IT IMPORTANT THAT BRUSSELS STOP PROVIDE DEMONSTRATION THAT DIALOGUE IS UNDERWAY.

5. GOC STATEMENT TO THE NINE IS SHORT ON SPECIFICS OF AGREEMENT AND LONG ON POLITICAL RATIONALE FOR AGREEMENT. REFERRING TO CANADIAN AIDE MEMOIRE OF LAST APRIL, STATEMENT ATTEMPTS TO PUT AIDE MEMOIRE IN "BROADER PERSPECTIVE OF CANADIAN FOREIGN POLICY" WHICH "SEEKS TO ENHANCE CANADA'S INDEPENDENCE AND TO REDUCE CANADA'S VULNERABILITY THROUGH THE DIVERSIFICATION OF OUR EXTERNAL INTERESTS, NOTABLY CONFIDENTIAL

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PAGE 03 OTTAWA 03188 021328Z

OUR EXTERNAL ECONOMIC INTERESTS." IN LINE WITH THIS GOAL CANADA SEEKS "TO DIFFERENTIATE THE NATURE AND NEEDS OF CANADA FROM THOSE OF THE UNITED STATES" AND "DEVELOP AN AWARENESS OF CANADA AS A DISTINCT AND PARTICULAR COUNTRY IN THE WORLD COMMUNITY." GOC SAW IN YEAR OF EUROPE CONTEXT "A REGRETTABLE TENDENCY" TO SEE TRANSATLANTIC RELATIONS AS ESSENTIALLY RELATIONS BETWEEN THE NINE AND U.S.

6. STATEMENT EMPHASIZES IMPORTANCE WHICH CANADA ATTACHES TO EXPANDED RELATIONS WITH THE NINE, "A PERMANENT AND DYNAMIC FORCE ON THE INTERNATIONAL SCENE." "IN SEEKING "SERIOUS RELATIONSHIPS" WITH THE NINE CANADA SEEKS TO "DEVELOP NEW INTERESTS, NO TO PROTECT OLD ONES." CANADA'S AIM IS TO INCREASE AND IMPROVE NATURE AND QUALITY OF RELATIONS. STATEMENT NOTES IMPORTANCE TO EC OF TRADE WITH AND INVESTMENT IN CANADA.

7. WHEREAS CANADA HAD EARLIER BEEN THINKING IN TERMS OF TWO-PRONGED APPROACH, I.E. "STATEMENT OF PRINCIPLES" WHICH COULD BE DEVELOPED IN SHORTER TIME FRAME AND CONTRACTUAL AGREEMENT THAT COULD BE DEVELOPED OVER LONGER PERIOD, STATEMENT SAYS THAT GOC THINKING HAS EVOLVED SO THAT IT NO LONGER SEEMS SO IMPORTANT TO HAVE "STATEMENT OF PRINCIPLES." RATHER IT IS MORE IMPORTANT TO CONTINUE CONSTRUCTIVE DIALOGUE AND "EXPLORE HOW WE MAY WORK TOWARDS THE DEVELOPMENT OF A MORE FORMALIZED OR INSTITUTIONALIZED RELATIONSHIP THROUGH A CONTRACTUAL ARRANGEMENT WHICH CAN OPEN THE WAY TO FURTHER PRACTICAL COOPERATIVE ARRANGEMENTS AS SUGGESTED IN THE AIDE MEMOIRE." STATEMENT STRESSES GOC FLEXIBILITY ON FORM AND CONTENT OF AGREEMENT. "WE BELIEVE THE CONCEPT OF A TRADE AGREEMENT IS THE MOST PRACTICAL FIRST STEP" BUT "RECOGNIZE THAT THE DETERMINATION OF WHAT CAN BE INCLUDED WILL DEPEND LARGELY ON THE DEGREE OF COMMUNITY DEVELOPMENT."

8. STATEMENT WINDS UP WITH ENUNCIATION OF DESIRE FOR "GREATER DEGREE OF FOCUS" AND "NEW PHASE OF OUR CONFIDENTIAL

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PAGE 04 OTTAWA 03188 021328Z

DIALOGUE" AND POSES THREE QUESTIONS:

A. "CAN WE USE THE CANADIAN AIDE-MEMOIRE AS A POINT OF DEPARTURE FOR OUR FURTHER DIALOGUE, CONSIDERING IT (WITH WHATEVER COMMENTS YOU MAY WISH TO ADD) AS A WORKABLE FRAMEWORK IN WHICH TO SITUATE CANADA/COMMUNITY RELATIONS?"

B. "CAN WE AGREE THAT THE NEXT STEP WITHIN THIS FRAMEWORK WOULD BE TO WORK TOWARDS A CONTRACTUAL INSTRUMENT TAKING THE FORM OF AN AGREEMENT DEALING WITH A BROAD RANGE OF SUCH COMMERCIAL POLICY ISSUES AS CAN BE AGREED BETWEEN US IN THE COURSE OF THE NEGOTIATIONS?"

C. "ARE YOU PREPARED TO SUPPORT THE OPENING OF
NEGOTIATIONS ON SUCH AN INSTRUMENT BETWEEN CANADA
AND THE COMPETENT COMMUNITY INSTITUTIONS?"

9. SHANNON SAID GOC REPS AT MEETING CAME AWAY WITH
FEELING THAT REACTION OF EC POLITICAL DIRECTORS
TO GOC PRESENTATION HAD BEEN GENERALLY "POSITIVE."
EC SPEAKERS MADE NO COMMITMENTS, HOWEVER. THEY
SAID THEY WOULD REPORT BACK TO THEIR GOVERNMENTS
WHICH WULD HAVE TO CONSIDER QUESTION FURTHER.
PORTER

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